

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED FINANCIAL REPORT  
JUNE 30, 2013

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Eyerly-Ball  
Community Mental Health Services,  
The Westminster Group and  
Golden Circle Behavioral Health, L.C.  
Des Moines, Iowa

We have audited the accompanying combined financial statements of Eyerly-Ball Community Mental Health Services, the Westminster Group, and Eyerly-Ball Community Mental Health Services' subsidiary, Golden Circle Behavioral Health, L.C. which comprise the combined statement of financial position as of June 30, 2013, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Eyerly-Ball Community Mental Health Services, the Westminster Group, and Eyerly-Ball Community Mental Health Services' subsidiary, Golden Circle Behavioral Health, L.C. as of June 30, 2013, and the changes in their combined net position and their combined cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying information on pages 17 to 25 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
January 31, 2014

## FINANCIAL STATEMENTS

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2013

ASSETS

CURRENT ASSETS:

Cash	\$ 581,389
Accounts receivables	
Government	1,201,183
Clients and third party providers	517,861
Other	27,643
Prepaid expenses	92,209
Total current assets	<u>2,420,285</u>

NON-CURRENT ASSETS:

Funded reserves:	
Reserve for replacements	74,249
Residual receipts	4,610
Tenant security deposits held in trust	2,930
Rent deposit	11,920
Property and equipment (net of accumulated depreciation)	1,676,892
Intangible asset (net of amortization)	22,613
Investment in Greater Des Moines Community Foundation	18,172
Total non-current assets	<u>1,811,386</u>

TOTAL ASSETS     \$ 4,231,671

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Accounts payable:	
Trade	\$ 658,214
Goodwill Industries of Central Iowa	127,201
Cost settlement	443,230
Other	43,673
Deferred revenue	309,672
Accrued incentives	5,739
Accrued payroll	143,810
Accrued vacation	236,666
Accrued payroll taxes	11,094
Accrued interest payable	5,778
Lead Agency Reserve Account	91,131
Line of credit	300,000
Current portion of loans and mortgages payable	73,648
Total current liabilities	<u>2,449,856</u>
 Tenant security deposits	 <u>9,060</u>

LONG-TERM LIABILITIES:

Loans and mortgages payable - Less current portion	1,311,670
Minority interest in subsidiary's equity	162,293
Total long-term liabilities	<u>1,473,963</u>
TOTAL LIABILITIES	<u>3,932,879</u>

NET POSITION:

Unrestricted	274,776
Temporarily restricted	24,016
TOTAL NET POSITION	<u>298,792</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,231,671</u>

See Accompanying Notes to Combined Financial Statements

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT:</u>			
Public support:			
Received directly:			
Contributions	\$ 39,532	\$ -	\$ 39,532
Fees and grants from governmental agencies	<u>8,786,626</u>	<u>-</u>	<u>8,786,626</u>
Revenue:			
Private patient and client participation	1,567,968	-	1,567,968
Rental income	176,161	-	176,161
Support service fee	144,182	-	144,182
Investment income	11,535	-	11,535
Management fees	282	-	282
Miscellaneous	<u>16,981</u>	<u>-</u>	<u>16,981</u>
	<u>1,917,109</u>	<u>-</u>	<u>1,917,109</u>
 TOTAL PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT	 <u>10,743,267</u>	 <u>-</u>	 <u>10,743,267</u>
<u>EXPENSES AND OTHER REDUCTIONS:</u>			
Program services	9,351,905	-	9,351,905
Supporting services	<u>1,467,276</u>	<u>-</u>	<u>1,467,276</u>
Total expenses	10,819,181	-	10,819,181
Minority interest in subsidiary's earnings	3,975	-	3,975
Loss on disposal of equipment	<u>4,630</u>	<u>-</u>	<u>4,630</u>
 TOTAL EXPENSES AND OTHER REDUCTIONS	 <u>10,827,786</u>	 <u>-</u>	 <u>10,827,786</u>
 CHANGE IN NET POSITION	 (84,519)	 -	 (84,519)
 <u>NET POSITION</u> - Beginning of year	 <u>359,295</u>	 <u>24,016</u>	 <u>383,311</u>
 <u>NET POSITION</u> - End of year	 \$ <u>274,776</u>	 \$ <u>24,016</u>	 \$ <u>298,792</u>

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2013

	Program Services			
	Community Support Programs	Elderly Outreach Programs	Clinical and Psychiatric Services	Residential Program
Salaries	\$ 699,832	\$ 178,414	\$ 1,691,368	\$ 907,344
Employee benefits	79,015	21,857	120,976	73,778
Payroll taxes	61,385	15,539	145,110	91,898
Total salaries and related expenses	840,232	215,810	1,957,454	1,073,020
Contract services	6,515	331	21,164	14,717
Utilities	2,986	467	23,348	39,863
Rent	20,353	6,102	52,109	14,840
Occupancy - Maintenance	-	-	-	-
Professional fees	2,984	298	132,937	19,491
Food	-	-	-	44,197
Office supplies	3,756	448	16,083	10,358
Equipment repairs and maintenance	5,695	684	56,232	26,117
Recreation and crafts	-	-	1,039	14,659
Household supplies	8	2	80	19,486
Telephone	17,397	4,303	59,889	22,162
Postage	1,958	-	3,933	1,021
Taxes and insurance	796	141	10,892	11,547
Transportation	61,669	8,977	22,335	24,601
Conferences and training	1,338	1,291	10,311	9,584
Advertising	306	163	8,267	1,143
Printing	713	320	3,770	3,396
Licenses	30	783	19,438	387
Miscellaneous	-	-	1,725	-
Subscription and dues	110	-	569	2,112
Medical supplies	-	-	4,529	1,234
Computer and technical support	6,937	1,541	76,295	424
Assistance to individuals	75,578	-	4,943	3,404
Bad debts expense	119,569	65,567	272,279	28,906
Total expenses before depreciation, amortization and interest	1,168,930	307,228	2,759,621	1,386,669
Depreciation and amortization	5,926	1,073	49,358	51,140
Interest expense	2,003	494	19,390	73,456
TOTAL FUNCTIONAL EXPENSES	\$ 1,176,859	\$ 308,795	\$ 2,828,369	\$ 1,511,265

See Accompanying Notes to Combined Financial Statements



<u>Case Management</u>	<u>Integrated Service Project</u>	<u>Assertive Community Treatment</u>	<u>Mobile Crisis Response Program</u>	<u>Total</u>	<u>Supporting Services Management and General</u>	<u>Total</u>
\$ 696,897	\$ 425,842	\$ 481,101	\$ 380,915	\$ 5,461,713	\$ 923,417	\$ 6,385,130
69,898	71,384	46,185	27,643	510,736	86,802	597,538
54,364	33,414	36,819	33,762	472,291	59,704	531,995
821,159	530,640	564,105	442,320	6,444,740	1,069,923	7,514,663
406,751	55,494	22,665	577	528,214	2,647	530,861
-	-	-	1,081	67,745	23,612	91,357
-	-	-	236	93,640	2,566	96,206
-	826	-	-	826	12,028	12,854
-	9,984	7,148	7,200	180,042	71,910	251,952
-	-	-	-	44,197	-	44,197
8,872	14,538	3,461	910	58,426	31,229	89,655
5,227	4,077	8,100	3,731	109,863	10,417	120,280
-	-	-	-	15,698	-	15,698
-	-	-	16	19,592	-	19,592
5,520	12,349	17,163	4,740	143,523	16,040	159,563
752	498	45	152	8,359	5,037	13,396
-	13,082	2,415	3,534	42,407	117,617	160,024
22,569	30,027	44,950	20,505	235,633	5,220	240,853
1,615	2,749	1,266	588	28,742	7,325	36,067
-	-	276	-	10,155	21,070	31,225
180	35	527	-	8,941	8,795	17,736
-	-	-	-	20,638	30	20,668
321	816	471	-	3,333	5,684	9,017
-	-	-	-	2,791	2,684	5,475
-	29,037	1,489	22	36,311	1,541	37,852
-	-	-	1,973	87,170	37,819	124,989
31,748	265,378	46,294	29	427,374	-	427,374
1,024	219	6,660	12,683	506,907	-	506,907
1,305,738	969,749	727,035	500,297	9,125,267	1,453,194	10,578,461
151	10,710	9,571	2,223	130,152	1,847	131,999
-	-	-	1,143	96,486	12,235	108,721
\$ 1,305,889	\$ 980,459	\$ 736,606	\$ 503,663	\$ 9,351,905	\$ 1,467,276	\$ 10,819,181

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net position	\$ (84,519)
Adjustments to reconcile change in net position to net cash used in operating activities:	
Depreciation and amortization	131,999
Loss on disposal of assets	4,630
Deferred bond financing charges amortization	1,982
Bad debts expense	506,907
Minority interest in subsidiaries earnings	3,975
Change in assets and liabilities:	
Increase in accounts receivable	(1,054,388)
Increase in prepaid expenses	(56,315)
Increase in deposits	(1,200)
Increase in accounts payable	712,906
Decrease in accrued interest payable	(190)
Decrease in deferred revenue	(245,363)
Decrease in deposits and cash advances	(628)
Increase in accrued incentives	4,149
Increase in accrued payroll	29,501
Increase in accrued vacation	9,154
Increase in accrued payroll taxes	2,007
Decrease in Lead Agency Reserve Account	(11,734)
NET CASH USED IN OPERATING ACTIVITIES	<u>(47,127)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Deposits to funded reserves and interest retained in account	(19,974)
Withdrawals from funded reserves	19,267
Purchase of property and equipment	(42,054)
Investment in Greater Des Moines Community Foundation	(1,382)
NET CASH USED IN INVESTING ACTIVITIES	<u>(44,143)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from line of credit	500,000
Payments on line of credit	(300,000)
Mortgage principal payments	(69,450)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>130,550</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 39,280

CASH AND CASH EQUIVALENTS - Beginning of year 542,109

CASH AND CASH EQUIVALENTS - End of year \$ 581,389

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash payments for interest	\$ 108,911
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EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The combined financial statements include the accounts of Eyerly-Ball Community Mental Health Services; W.H. II, LTD., and W.H. III, Inc. (The Westminster Group). These three entities established an alliance with a common board of directors and a common management team. Eyerly-Ball Community Mental Health Services provides program services primarily to clients on behalf of Polk County, and is a two-thirds owner of Golden Circle Behavioral Health, L.C. Therefore, as a majority-owned subsidiary, the accounts of Golden Circle Behavioral Health, L.C. have also been included in the combination. All material inter-organization transactions have been eliminated in this combination.

Eyerly-Ball Community Mental Health Services

Eyerly-Ball Community Mental Health Services was organized in February 1969 as a private, nonprofit organization representing the disciplines of psychiatry, clinical psychology, social work, and related mental health professions. The purpose of the Organization is to provide and coordinate services for the elderly, mentally ill, or otherwise disadvantaged individuals, through psychotherapeutic treatment, community consultation, and education programs.

The Westminster Group

W.H. II, LTD. and W.H. III, Inc.

W.H. II, LTD. and W.H. III, Inc. are corporations formed in Des Moines, Iowa, in August 1983 under the Iowa Nonprofit Corporation Act. The purpose of these corporations is to operate apartment complexes of 15 units each, under Section 202 of the National Housing Act. Such projects are regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rent charges and operating methods. Their expenses are included in the Residential Care Facilities program.

Golden Circle Behavioral Health, L.C.

Golden Circle Behavioral Health, L.C. (a limited liability company) was formed in 1995 as a joint effort of Iowa Health Systems, Westminster House, Inc., Eyerly-Ball Community Mental Health Services, Des Moines Child and Adolescent Guidance Center, Orchard Place, and Goodwill Industries of Central Iowa under the laws of the State of Iowa. Golden Circle Behavioral Health, L.C. serves individuals in central Iowa with serious and persistent mental illness, and individuals with mental retardation/developmental disabilities.

During October 2001, Iowa Health Systems, Des Moines Child and Adolescent Guidance Center, and Orchard Place withdrew as members of the Organization. Accordingly, Golden Circle Behavioral Health, L.C. is now a majority-owned subsidiary controlled by Eyerly-Ball Community Mental Health Services.

Programs

The Organization's major programs are as follows:

Community Support Programs - where a mutually agreed upon individual service plan is developed and implemented to increase the client's level of functioning and promote the enhancement of independent living skills.

Elderly Outreach Programs - where licensed professionals provide therapy to individuals age 60 or older in their homes, as well as providing case management assistance to enable the individuals to live independently rather than in a more restricted or higher level of care setting.

Clinical and Psychiatric Services - provides psychotherapy to individuals, groups, and families to alleviate symptoms, change or modify behavior, and increase their level of functioning as well as providing medical services by a licensed physician with a specialty in psychiatry, such as medication evaluation and management, and psychiatric evaluations. Also included are services of an ARNP (nurse practitioner) who serves as a liaison to a variety of individuals and programs and coordinates treatment with clinical staff, outside service providers, and families.

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Programs (Continued)

Residential Program - provides supervision and services to mentally challenged individuals in a group home type setting located in the HUD complexes.

Case Management - provides service coordination with the goal of enhancing the client's functioning in vocational, psychological, and social areas.

Integrated Service Project - assists consumers in gaining access to appropriate living environments, psychiatric services, and interrelated social, vocational, and education services.

Assertive Community Treatment - provides comprehensive psychiatric outpatient services delivered in the community, and directed toward the rehabilitation of behavioral/social/emotional deficits and the improvement of symptoms of a mental disorder. These services are directed to patients with severe and persistent mental disorders, which require multiple mental health and support services to maintain the consumer in the community.

Mobile Crisis Response Program - consists of a mobile mental health team that is dispatched at the request of law enforcement to do on-site assessments of individuals when the offense is superseded by mental health issues.

Summary of Organization's Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under FASB, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2013, the Organization had no permanently restricted net assets.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

The Organization grants credit to customers, most of whom are located in the Central Iowa area, and to various governmental entities. Accounts receivable are stated at the amount management expects to collect from the outstanding balances. Accounts receivable are considered past due after 30 days and are charged off when management determines the account is uncollectible. The risk of loss on the accounts receivable is the balance owed at time of default.

The organization charges bad debts to operations in the year in which the account is determined uncollectible. If the reserve method of accounting for uncollectible accounts were used, it would not have a material effect on the financial statements.

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Organization's Significant Accounting Policies (Continued)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$31,225 for the year ended June 30, 2013.

Property and Equipment

Property and equipment is stated at cost. The Organization follows the policy of capitalizing all expenditures for property and equipment in excess of \$5,000. Depreciation is computed on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	15-39
Building improvements	7-39
Leasehold improvements	10
Vehicles	5
Furniture, fixtures and office equipment	3-15

Income Tax Status

W.H. II, LTD., W.H. III, Inc., and Eyerly-Ball Community Mental Health Services are all exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of Iowa tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable or educational purposes. The Organizations have also been classified as entities that are not private foundations.

The results of the operations of Golden Circle Behavioral Health, L.C., a partnership, are included on the income tax returns of each member. Accordingly, no provision for income taxes is included in these combined financial statements.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board. In accordance with FASB, contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net position depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of activities as net position released from restrictions.

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Organization's Significant Accounting Policies (Continued)

Contributions (Continued)

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long the long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Revenues

Deferred revenues represent program revenues received in advance of when the services are provided, contract incentives deferred until expended for authorized purposes, or advances for program startup costs. Revenues are recognized in the period in which the services are provided or expenses incurred. In some cases, unspent amounts are subject to repayment to the funding source.

Donated Services

No amounts have been reflected in the statements for donated services because no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated time to the Organization.

Functional Expense Allocation

Salary and related expenses were allocated on the basis of time spent for program and supporting services. Depreciation expense was allocated directly to programs when possible with the remaining balance assigned to management and general. The allocation of expenses other than salary and related expenses and depreciation shown on the statement of functional expenses was made by assignment of costs based on the allocation of space or the number of full-time equivalent employees.

Method of Reporting

Golden Circle Behavioral Health, L.C. has elected to present its financial statements in a nonprofit format, which more accurately reflects the nature of its activities. Accordingly, it is also presenting a statement of functional expenses in the accompanying combined financial statements.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2013, the Organization had no deposits in excess of federally insured limits.

Eyerly-Ball Community Mental Health Services and Golden Circle Behavioral Health, L.C., have receivables from governmental or other agencies and clients, which are subject to the possibility that a loss may occur from the failure of these parties to perform according to terms of the agreements from which the receivables arose. The amount of possible loss is equal to the balance of the receivable at the time of failure to perform. The Organizations do not require collateral or other security to support these financial instruments unless otherwise noted.

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Organization's Significant Accounting Policies (Continued)

Concentration of Credit Risk (Continued)

The HUD Projects' operations are concentrated in the real estate market and operate in a heavily regulated environment. The operations of the Projects are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Valuation of Investments

In determining fair value, the Organization uses various valuation approaches, which establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization only holds Level 2 securities.

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 286,345	\$ -	\$ -	\$ 286,345
Buildings and building improvements	2,809,836	8,422	-	2,818,258
Leasehold improvements	26,161	-	12,169	13,992
Vehicles	249,444	-	-	249,444
Furniture, fixtures and office equipment	<u>1,086,107</u>	<u>56,369</u>	<u>24,718</u>	<u>1,117,758</u>
	4,457,893	64,791	36,887	4,485,797
Less accumulated depreciation	<u>2,686,427</u>	<u>130,017</u>	<u>7,539</u>	<u>2,808,905</u>
	\$ <u>1,771,466</u>	\$ <u>(65,226)</u>	\$ <u>(29,348)</u>	\$ <u>1,676,892</u>

NOTE 3 – NOTES PAYABLE AND MORTGAGE LOANS

Eyerly-Ball Community Mental Health Services has a line of credit with an area bank in the amount \$300,000. Amounts borrowed on this line bear interest at the prime rate. The current interest rate is 5.50% and the line expires May 31, 2014. There was \$300,000 outstanding at June 30, 2013 on this line of credit. Eyerly-Ball Community Mental Health Services accounts receivable is pledged as collateral for the line of credit.

W.H. II, LTD. and W.H. III, Inc. have the following notes payable outstanding at June 30, 2013:

Mortgage note payable insured by HUD, remaining balance due \$398,598 at June 30, 2013, payable in monthly installments of \$4,113, including interest at 9.25%, through May 2028. The apartment complex is pledged as collateral for the note and has a book value of \$155,571 at June 30, 2013.

Mortgage note payable insured by HUD, remaining balance due \$345,072 at June 30, 2013, payable in monthly installments of \$3,785, including interest at 9.25%, through August 2026. The apartment complex is pledged as collateral for the note and has a book value of \$182,306 at June 30, 2013.

Eyerly-Ball Community Mental Health Services had the following mortgage loan outstanding at June 30, 2013:

Mortgage loan payable, remaining balance due \$641,648 at June 30, 2013, payable in monthly installments of \$5,946, including interest at 4.0%, through August 31, 2014. The interest rate will be adjusted on August 31, 2014 and 2019, determined at 125 basis points over the U.S. Treasury CMT Rate, but not less than 4.00% nor exceeding 6.75%. This note is secured by a mortgage on property at 945 19<sup>th</sup> Street with a carrying value of \$787,839 and a mortgage on property at 1301 Center Street with a carrying value of \$129,185.

This agreement also places on the Organization certain financial requirements related to operations of the business.



EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 3 – NOTES PAYABLE AND MORTGAGE LOANS (Continued)

Future scheduled maturities of long-term debt are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2014	\$ 73,648
2015	78,161
2016	82,975
2017	88,230
2018	93,792
Thereafter	<u>968,512</u>
	\$ <u>1,385,318</u>

NOTE 4 – DEFERRED FINANCE COSTS

Costs directly related to Eyerly-Ball Community Mental Health Services' August 31, 2004 debt refinancing totaling \$39,633 have been deferred and are included net of accumulated amortization of \$17,019. During the year ended June 30, 2013, \$1,981 in deferred finance charges were amortized and included in current year depreciation expense under the straight-line method.

NOTE 5 – HUD RESTRICTED DEPOSITS

Use of the residual receipts account is contingent upon HUD's written approval.

NOTE 6 – RENT INCREASES

Under the regulatory agreement, the W.H. II, LTD. and W.H. III, Inc. projects may not increase rents charged to tenants without HUD approval.

NOTE 7 – DISTRIBUTIONS

The Projects' regulatory agreements with HUD stipulate among other things, that the Projects will not make distributions of assets or income to any of its officers or directors.

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 8 – MAJOR REVENUE SOURCES

Polk County Health Services, Inc. and Magellan Behavioral Health are major funding sources of the Organization. Revenues and accounts receivable from Polk County Health Services, Inc. and Magellan Behavioral Health for the year ended June 30, 2013 were as follows:

Revenue:		
Polk County Health Services, Inc.	\$	4,350,275
Percentage of total revenue		40%
Magellan Behavioral Health	\$	1,724,826
Percentage of total revenue		16%
Accounts receivable:		
Polk County Health Services, Inc.	\$	187,303
Magellan Behavioral Health	\$	236,012

NOTE 9 – GOVERNMENT FEES AND GRANTS

Eyerly-Ball Community Mental Health Services, and Golden Circle Behavioral Health, L.C. have entered into various agreements with Polk County Health Services, Inc. and various other governmental agencies to provide program services described in Note 1 to the combined financial statements.

All entities record revenue from government fees when the agencies are billed for services provided on a fee-for-service or per diem cost reimbursement basis.

NOTE 10 – REALTED PARTIES

Golden Circle Behavioral Health, L.C. conducts various transactions with Goodwill Industries of Central Iowa, a one-third equity member of Golden Circle Behavioral Health, L.C.

Some of the staff at Golden Circle Behavioral Health, L.C. are employees of Goodwill Industries of Central Iowa. Goodwill Industries of Central Iowa passes on expenses for payroll, employee benefits, management fees, and other miscellaneous expenses and Golden Circle Behavioral Health, L.C. reflects all expenses and accruals related to these transactions by natural classification in their financial statements.

Goodwill Industries of Central Iowa also provides subcontracted program services under contracts held by Golden Circle Behavioral Health, L.C. These amounts are shown as contract services in the statement of functional expenses.

A summary of these transactions for the year ended June 30, 2013 is as follows:

Payroll, related expenses and management fees	\$	259,316
Subcontracted services		330,432
Payroll services for client wages		26,253
Accounts payable at June 30, 2013		127,201

NOTE 11 – RETIREMENT PLAN

Eyerly-Ball Community Mental Health Services maintains a retirement program qualified under Section 401(k) of the Internal Revenue Code covering all eligible employees. The program allows the Organization to make discretionary contributions to the program, subject to certain limitations. The contributions for the year ended June 30, 2013 totaled \$42,530.

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP,  
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 12 – LEAD AGENCY RESERVE

This amount represents monies retained by Golden Circle Behavioral Health, L.C. relating to the Integrated Services Project (ISP) program's unexpended funds and unexpended ISP incentive payments in accordance with the Lead Agency Pilot Project Contract and Polk County Health Services, Inc.'s Operations Manual. These funds may be used by Golden Circle Behavioral Health, L.C. for the benefit of Lead Agency clients; however, upon termination of the contract, any unexpended balance must be returned to Polk County Health Services, Inc.

NOTE 13 – NET POSITION

Net position at June 30, 2013 include the following balances:

Temporarily restricted net position:	
Specified consumer assistance	\$ <u>24,016</u>

NOTE 14 – FAIR VALUE MEASUREMENTS

	<u>Fair Value Measurements Using</u>	
		Significant Other Observable Inputs (Level 2)
<u>June 30, 2013</u>	<u>Fair Value</u>	
Investment in Greater Des Moines Community Foundation	\$ <u>18,172</u>	\$ <u>18,172</u>

FASB establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs because they generally provide the most reliable evidence of fair value.

Level 2 Fair Value Measurements

The fair value of foundation funds is based on quoted values of the shares held by the Organization at year-end.

NOTE 15 – OPEN TAX YEARS

The Organization's tax returns, for the years ending June 30, 2013, 2012 and 2011 are subject to examination by the IRS, generally for 3 years after they were filed.

NOTE 16 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 31, 2014, the date which the financial statements were available to be issued.

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2013

<u>ASSETS</u>	<u>Everly-Ball</u>	<u>Westminster Group</u>	<u>Golden Circle</u>	<u>Eliminations</u>	<u>Combined Totals</u>
<u>CURRENT ASSETS:</u>					
Cash	\$ 217,112	\$ 7,471	\$ 356,806	\$ -	\$ 581,389
Accounts receivable:					
Government	1,043,674	-	157,509	-	1,201,183
Clients and third-party providers	453,004	-	64,857	-	517,861
Westminster House, Inc.	100,229	-	-	(100,229)	-
Eyerly-Ball Community Mental Health Services	-	-	585,170	(585,170)	-
Golden Circle	16,859	-	-	(16,859)	-
Other	3,421	6,168	18,054	-	27,643
Prepaid expenses	81,154	-	11,055	-	92,209
Total current assets	<u>1,915,453</u>	<u>13,639</u>	<u>1,193,451</u>	<u>(702,258)</u>	<u>2,420,285</u>
<u>NON-CURRENT ASSETS:</u>					
Funded reserves:					
Reserve for replacements	-	74,249	-	-	74,249
Residual receipts	-	4,610	-	-	4,610
Tenant security deposits held in trust	-	2,930	-	-	2,930
Investment in Golden Circle Behavioral Health, L.C.	324,585	-	-	(324,585)	-
Rent deposit	4,329	-	7,591	-	11,920
Property and equipment (net of accumulated depreciation)	1,282,357	339,232	55,303	-	1,676,892
Intangible asset (net of amortization)	22,613	-	-	-	22,613
Investment in Greater Des Moines Community Foundation	18,172	-	-	-	18,172
Total non-current assets	<u>1,652,056</u>	<u>421,021</u>	<u>62,894</u>	<u>(324,585)</u>	<u>1,811,386</u>
<b>TOTAL ASSETS</b>	<b>\$ 3,567,509</b>	<b>\$ 434,660</b>	<b>\$ 1,256,345</b>	<b>\$ (1,026,843)</b>	<b>\$ 4,231,671</b>
<u>LIABILITIES AND NET POSITION</u>					
<u>CURRENT LIABILITIES:</u>					
Accounts payable:					
Trade	\$ 349,419	\$ 3,803	\$ 304,992	\$ -	\$ 658,214
Goodwill Industries of Central Iowa	-	-	127,201	-	127,201
Golden Circle Behavioral Health, L.C.	585,170	-	-	(585,170)	-
Eyerly-Ball Community Mental Health Services	-	100,228	16,859	(117,087)	-
Cost settlement	443,230	-	-	-	443,230
Other	42,616	1,057	-	-	43,673
Deferred revenue	189,711	-	119,961	-	309,672
Accrued incentives	5,739	-	-	-	5,739
Accrued payroll	104,239	-	39,571	-	143,810
Accrued vacation	170,595	-	66,071	-	236,666
Accrued payroll taxes	7,414	-	3,680	-	11,094
Accrued interest	46	5,732	-	-	5,778
Lead Agency Reserve Account	-	-	91,131	-	91,131
Line of credit	300,000	-	-	-	300,000
Current portion of loans and mortgages payable	46,532	27,116	-	-	73,648
Total current liabilities	<u>2,244,711</u>	<u>137,936</u>	<u>769,466</u>	<u>(702,257)</u>	<u>2,449,856</u>
Tenant security deposits	6,130	2,930	-	-	9,060
<u>LONG-TERM LIABILITIES:</u>					
Loans and mortgages payable - Less current portion	595,116	716,554	-	-	1,311,670
Minority interest in subsidiary's equity	-	-	-	162,293	162,293
Total long-term liabilities	<u>595,116</u>	<u>716,554</u>	<u>-</u>	<u>162,293</u>	<u>1,473,963</u>
<b>TOTAL LIABILITIES</b>	<b>2,845,957</b>	<b>857,420</b>	<b>769,466</b>	<b>(539,964)</b>	<b>3,932,879</b>
<u>NET POSITION:</u>					
Unrestricted	697,536	(422,760)	486,879	(486,879)	274,776
Temporarily restricted	24,016	-	-	-	24,016
<b>TOTAL NET POSITION</b>	<b>721,552</b>	<b>(422,760)</b>	<b>486,879</b>	<b>(486,879)</b>	<b>298,792</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 3,567,509</b>	<b>\$ 434,660</b>	<b>\$ 1,256,345</b>	<b>\$ (1,026,843)</b>	<b>\$ 4,231,671</b>

See Accompanying Independent Auditor's Report

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>			
	<u>Eyerly-Ball</u>	<u>Westminster Group</u>	<u>Golden Circle</u>	<u>Total Unrestricted</u>
<u>PUBLIC SUPPORT, REVENUE</u>				
<u>AND OTHER SUPPORT:</u>				
Public support:				
Received directly:				
Contributions	\$ 39,532	\$ -	\$ -	\$ 39,532
Fees and grants from governmental agencies	6,147,243	-	2,639,383	8,786,626
<u>Revenue:</u>				
Private patient and client participation	705,204	-	862,764	1,567,968
Rental income	102,926	73,235	-	176,161
Support service fees	-	144,182	-	144,182
Management fees	11,535	-	-	11,535
Investment income	53	17	212	282
Equity in net income of limited liability company	7,951	-	-	7,951
Miscellaneous	7,160	-	9,821	16,981
	<u>834,829</u>	<u>217,434</u>	<u>872,797</u>	<u>1,925,060</u>
 TOTAL PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT	 <u>7,021,604</u>	 <u>217,434</u>	 <u>3,512,180</u>	 <u>10,751,218</u>
<u>EXPENSES AND OTHER REDUCTIONS:</u>				
Program services	6,118,006	210,945	3,022,954	9,351,905
Supporting services	976,826	17,780	472,670	1,467,276
Total expenses	7,094,832	228,725	3,495,624	10,819,181
Minority interest in subsidiary's earnings	-	-	-	-
Loss on disposal of equipment	-	-	4,630	4,630
 TOTAL EXPENSES AND OTHER REDUCTIONS	 <u>7,094,832</u>	 <u>228,725</u>	 <u>3,500,254</u>	 <u>10,823,811</u>
 CHANGE IN NET POSITION	 (73,228)	 (11,291)	 11,926	 (72,593)
<u>NET POSITION</u> - Beginning of year	<u>770,764</u>	<u>(411,469)</u>	<u>474,953</u>	<u>834,248</u>
<u>NET POSITION</u> - End of year	\$ <u>697,536</u>	\$ <u>(422,760)</u>	\$ <u>486,879</u>	\$ <u>761,655</u>

SCHEDULE 2

<u>Eyerly-Ball</u>	<u>Temporarily Restricted</u>	<u>Total Temporarily Restricted</u>	<u>Eliminations</u>	<u>Combined Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 39,532
-	-	-	-	8,786,626
-	-	-	-	1,567,968
-	-	-	-	176,161
-	-	-	-	144,182
-	-	-	-	11,535
-	-	-	-	282
-	-	-	(7,951)	-
-	-	-	-	16,981
-	-	-	(7,951)	1,917,109
-	-	-	(7,951)	10,743,267
-	-	-	-	9,351,905
-	-	-	-	1,467,276
-	-	-	-	10,819,181
-	-	-	3,975	3,975
-	-	-	-	4,630
-	-	-	3,975	10,827,786
-	-	-	(11,926)	(84,519)
24,016	24,016	24,016	(474,953)	383,311
\$ 24,016	\$ 24,016	\$ 24,016	\$ (486,879)	\$ 298,792

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Community</u> <u>Support</u> <u>Eyerly-Ball</u>	<u>Elderly</u> <u>Outreach</u> <u>Eyerly-Ball</u>	<u>Clin &amp;</u> <u>Psych</u> <u>Eyerly-Ball</u>
Salaries	\$ 699,832	\$ 178,414	\$ 1,691,368
Employee benefits	79,015	21,857	120,976
Payroll taxes	<u>61,385</u>	<u>15,539</u>	<u>145,110</u>
Total salaries and related expenses	840,232	215,810	1,957,454
Contract services	6,515	331	21,164
Utilities	2,986	467	23,348
Rent	20,353	6,102	52,109
Occupancy	-	-	-
Professional fees	2,984	298	132,937
Food	-	-	-
Office supplies	3,756	448	16,083
Equipment repairs and maintenance	5,695	684	56,232
Recreation and crafts	-	-	1,039
Household supplies	8	2	80
Telephone	17,397	4,303	59,889
Postage	1,958	-	3,933
Insurance - General	796	141	10,892
Transportation	61,669	8,977	22,335
Conferences and training	1,338	1,291	10,311
Advertising	306	163	8,267
Printing	713	320	3,770
Licenses	30	783	19,438
Miscellaneous	-	-	1,725
Subscription and dues	110	-	569
Medical supplies	-	-	4,529
Computer support	6,937	1,541	76,295
Assistance to individuals	75,578	-	4,943
Bad debts expense	<u>119,569</u>	<u>65,567</u>	<u>272,279</u>
Total expenses before depreciation, amortization and interest	1,168,930	307,228	2,759,621
Depreciation and amortization	5,926	1,073	49,358
Interest expense	<u>2,003</u>	<u>494</u>	<u>19,390</u>
TOTAL FUNCTIONAL EXPENSES	\$ <u>1,176,859</u>	\$ <u>308,795</u>	\$ <u>2,828,369</u>

Program Services					
Residential Program Eyerly-Ball, WH II & WH III	Case Management Golden Circle, L.C.	Integrated Service Project Golden Circle, L.C.	ACT Golden Circle, L.C.	Mobile Crisis Response Eyerly-Ball	Program Total
\$ 907,344	\$ 696,897	\$ 425,842	\$ 481,101	\$ 380,915	\$ 5,461,713
73,778	69,898	71,384	46,185	27,643	510,736
<u>91,898</u>	<u>54,364</u>	<u>33,414</u>	<u>36,819</u>	<u>33,762</u>	<u>472,291</u>
1,073,020	821,159	530,640	564,105	442,320	6,444,740
14,717	406,751	55,494	22,665	577	528,214
39,863	-	-	-	1,081	67,745
14,840	-	-	-	236	93,640
-	-	826	-	-	826
19,491	-	9,984	7,148	7,200	180,042
44,197	-	-	-	-	44,197
10,358	8,872	14,538	3,461	910	58,426
26,117	5,227	4,077	8,100	3,731	109,863
14,659	-	-	-	-	15,698
19,486	-	-	-	16	19,592
22,162	5,520	12,349	17,163	4,740	143,523
1,021	752	498	45	152	8,359
11,547	-	13,082	2,415	3,534	42,407
24,601	22,569	30,027	44,950	20,505	235,633
9,584	1,615	2,749	1,266	588	28,742
1,143	-	-	276	-	10,155
3,396	180	35	527	-	8,941
387	-	-	-	-	20,638
-	321	816	471	-	3,333
2,112	-	-	-	-	2,791
1,234	-	29,037	1,489	22	36,311
424	-	-	-	1,973	87,170
3,404	31,748	265,378	46,294	29	427,374
<u>28,906</u>	<u>1,024</u>	<u>219</u>	<u>6,660</u>	<u>12,683</u>	<u>506,907</u>
1,386,669	1,305,738	969,749	727,035	500,297	9,125,267
51,140	151	10,710	9,571	2,223	130,152
<u>73,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,143</u>	<u>96,486</u>
\$ <u>1,511,265</u>	\$ <u>1,305,889</u>	\$ <u>980,459</u>	\$ <u>736,606</u>	\$ <u>503,663</u>	\$ <u>9,351,905</u>



EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Supporting Services</u> <u>Management and General</u>		
	<u>Westminster</u> <u>House</u> <u>Group</u>	<u>Eyerly-Ball</u>	<u>Golden</u> <u>Circle, L.C.</u>
Salaries	\$ -	\$ 660,844	\$ 262,573
Employee benefits	-	57,424	29,378
Payroll taxes	-	38,889	20,815
Total salaries and related expenses	-	757,157	312,766
Contract services	-	2,647	-
Utilities	-	23,612	-
Rent	-	2,566	-
Occupancy	11,535	-	493
Professional fees	5,000	45,820	21,090
Food	-	-	-
Office supplies	-	10,547	20,682
Equipment repairs and maintenance	-	2,964	7,453
Recreation and crafts	-	-	-
Household supplies	-	-	-
Telephone	-	4,282	11,758
Postage	-	517	4,520
Insurance - General	-	49,323	68,294
Transportation	-	3,357	1,863
Conferences and training	-	5,038	2,287
Advertising	-	18,659	2,411
Printing	-	6,547	2,248
Licenses	-	30	-
Miscellaneous	1,245	2,958	1,481
Subscription and dues	-	2,684	-
Medical supplies	-	-	1,541
Computer support	-	25,730	12,089
Assistance to individuals	-	-	-
Bad debts expense	-	-	-
Total expenses before depreciation, amortization and interest	17,780	964,438	470,976
Depreciation and amortization	-	153	1,694
Interest expense	-	12,235	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 17,780</b>	<b>\$ 976,826</b>	<b>\$ 472,670</b>

SCHEDULE 3 (Continued)

<u>Total</u>	<u>Combined Totals</u>
\$ 923,417	\$ 6,385,130
86,802	597,538
<u>59,704</u>	<u>531,995</u>
1,069,923	7,514,663
2,647	530,861
23,612	91,357
2,566	96,206
12,028	12,854
71,910	251,952
-	44,197
31,229	89,655
10,417	120,280
-	15,698
-	19,592
16,040	159,563
5,037	13,396
117,617	160,024
5,220	240,853
7,325	36,067
21,070	31,225
8,795	17,736
30	20,668
5,684	9,017
2,684	5,475
1,541	37,852
37,819	124,989
-	427,374
<u>-</u>	<u>506,907</u>
1,453,194	10,578,461
1,847	131,999
<u>12,235</u>	<u>108,721</u>
\$ <u>1,467,276</u>	\$ <u>10,819,181</u>

EYERLY-BALL COMMUNITY MENTAL  
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Everly-Ball</u>	<u>Westminster Group</u>	<u>Golden Circle</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Change in net position	\$ (73,228)	\$ (11,291)	\$ 11,926
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:			
Depreciation and amortization	64,472	45,401	22,126
Loss on disposal of equipment	-	-	4,630
Deferred bond financing charges amortization	1,982	-	-
Bad debts expense	499,004	-	7,903
Equity in net income of limited liability company	(7,951)	-	-
Minority interest in subsidiary's earnings	-	-	-
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(883,155)	103	(171,336)
(Increase) decrease in prepaid expenses	(81,154)	-	24,839
(Increase) in deposits	(1,200)	-	-
Increase in accounts payable	685,335	2,104	25,467
Increase (decrease) in accrued interest	1	(191)	-
Decrease in deferred revenue	(235,949)	-	(9,414)
Decrease in deposits and cash advances	(628)	-	-
Increase in accrued incentives	4,149	-	-
Increase in accrued payroll	23,408	-	6,093
Increase (decrease) in accrued vacation	16,684	-	(7,530)
Increase in accrued payroll taxes	1,496	-	511
Decrease in Lead Agency Reserve	-	-	(11,734)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>13,266</u>	<u>36,126</u>	<u>(96,519)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Deposit to funded reserves and interest retained in account	-	(19,974)	-
Withdrawals from funded reserves	-	19,267	-
Purchase of property and equipment	(33,632)	(8,422)	-
Investment in Greater Des Moines Community Foundation	(1,382)	-	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(35,014)</u>	<u>(9,129)</u>	<u>-</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>			
Proceeds from line of credit	500,000	-	-
Payments on line of credit	(300,000)	-	-
Payments on mortgage	(44,722)	(24,728)	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>155,278</u>	<u>(24,728)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	133,530	2,269	(96,519)
<u>CASH AND CASH EQUIVALENTS - Beginning of year</u>	<u>83,582</u>	<u>5,202</u>	<u>453,325</u>
<u>CASH AND CASH EQUIVALENTS - End of year</u>	<u>\$ 217,112</u>	<u>\$ 7,471</u>	<u>\$ 356,806</u>
<b><u>SUPPLEMENTAL INFORMATION:</u></b>			
Cash payment for interest	\$ 38,676	\$ 70,235	\$ -

See Accompanying Independent Auditor's Report

<u>Eliminations</u>	<u>Combined Totals</u>
\$ (11,926)	\$ (84,519)
-	131,999
-	4,630
-	1,982
-	506,907
7,951	-
3,975	3,975
-	(1,054,388)
-	(56,315)
-	(1,200)
-	712,906
-	(190)
-	(245,363)
-	(628)
-	4,149
-	29,501
-	9,154
-	2,007
-	(11,734)
-	(47,127)
-	(19,974)
-	19,267
-	(42,054)
-	(1,382)
-	(44,143)
-	500,000
-	(300,000)
-	(69,450)
-	130,550
-	39,280
-	542,109
\$ -	\$ 581,389
\$ -	\$ 108,911